

The Effects of Free Trade Agreements on Turkish Foreign Trade; The analysis of the Bosnian and Herzegovinian case

Aslıhan Kocaefe Cebeci

Gediz University, İzmir, Turkey

aslihan.kocaefe@gediz.edu.tr

Ali Rıza Sayın

Gediz University, İzmir, Turkey

ali.sayin@gediz.edu.tr

Begüm Maral

Gediz University, İzmir, Turkey

begum.maral@gediz.edu.tr

According to the Customs Union Agreement effectuated on January 1, 1996 between Turkey and the European Union (EU), Turkey has undertaken the EU's Common Trade Policy and its preferential trade system towards the countries outside the Union which are called the third countries. Within this scope Turkey can sign similar agreements with other states which were present during the signing of the Free Trade Agreement with the EU on the mutual benefit basis. In other words, Turkey can sign Free Trade Agreements only with the countries with which the EU carries out Free Trade Negotiations.

In the Free Trade Agreement, different from the Customs Union, the signatory parties remove the customs duties and limitations among themselves but they do not develop a common tariff policy towards the third countries. Therefore each member country is free to impose its own tariff schedule. Furthermore, while free circulation is acceptable according to the Customs Union in the Free Trade Agreements the rules of origin is applied. In this respect, by means of Free Trade Agreements particular targets such as improving our foreign trade activities with neighboring and surrounding countries, maintaining a fair competition environment in the foreign markets in particular in the European market for our import goods, increasing the volumes of mutual investments, increasing the international competitive power of Turkey in joint ventures, improving the economic cooperation between the countries, removing the obstacles preventing the circulation of goods and services and at the same time improving the

political, technological and social relations between the signatory parties, constitute the main focus as a principle.

Within this scope, our country is not obliged to accept the content of the Free Trade Agreements signed between the EU countries and the related negotiations should be carried out by taking our industrial and trade policy priorities into consideration.

In this respect Turkey has signed Free Trade Agreements with 19 countries in total except for the 10 Central and Eastern European countries with which the signed FTAs have been terminated due to their membership to the EU. 13 of the abovementioned agreements have been signed after 2000.

In this study the impact of the Free Trade Agreements signed by Turkey on the Turkish Foreign Trade has been evaluated in terms of both import and export issues. With this purpose, the trade relations between Turkey and the other countries with which FTAs have been signed have been scrutinized by analyzing the pre and post agreement conditions. Finally the bilateral trade relation between Turkey and Bosnia and Herzegovina has been evaluated within the scope of the signed Free Trade Agreement and the pre and post Agreement conditions have also been analyzed.

Keywords: Free Trade Agreements, Foreign Trade, Turkish Foreign Trade, Export and Import, Bosnia and Herzegovina